

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Serial No. : **09/540,011** Confirmation No. : 2558
Filed : March 31, 2000
Applicant : Kight, et al.
Title : Bill Payment System and Method With a Master
Merchant Database

TC/AU : 3625
Examiner : Yogesh C. Garg

Docket No. : 23952-0051
Customer No. : 29052

INFORMATION DISCLOSURE STATEMENT

Mail Stop RCE
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

The citation of information on the attached two Forms PTO/SB/08A-1 and PTO/SB/08A-2, "Information Disclosure Statement by Applicant" is made pursuant to 37 C.F.R. §§ 1.56, 1.97, and 1.98.


The declaration by Mark Johnson is provided in an effort to provide a more complete picture of the bill payment service of the assignee, CheckFree Corporation ("CheckFree"), that existed on or before July 25, 1990. As provided by CFR §1.97(h), the filing of an information disclosure statement shall not be construed to be an admission that the information cited in the statement is, or is considered to be, material to patentability as defined in C.F.R. §1.56(b).

Pursuant to the Office's waiver of the requirement for submitting a copy of each cited U.S. patent and each U.S. patent application publication for all U.S. national patent applications, no copy of any cited U.S. patent or U.S. patent application publication is being provided herewith. Additionally, pursuant to 37 C.F.R. § 1.97(b)(4), Applicants have not submitted herewith a filing fee because this information is being submitted prior

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to the mailing of the first Office Action on the merits following the filing of a request for continued examination under CFR §1.114. Thus, no fees are believed due; however, the Commissioner is hereby authorized to charge any additional fees due to Deposit Account No. 19-5029.

Respectfully submitted,



Rhett S. White
Attorney for Applicants
Registration No. 59,158

Date: March 8, 2007

SUTHERLAND ASBILL & BRENNAN LLP
999 Peachtree Street, NE
Atlanta, GA 30309
Telephone: 404-853-8037
Facsimile: 404-853-8806

Attorney Docket No. 23952-0051

I, Mark Johnson, hereby declare that:

CheckFree offered an early version of its bill payment service, described below, to consumers on or before July 25, 1990. The bill payment service was created so that consumers could avoid having to write paper checks for payments to merchants, service providers, and the like (collectively referred to hereafter as "merchants"). Instead, consumers could use the service to make payments to merchants electronically from accounts held at banks and other financial institutions in the United States.

Because CheckFree's bill payment service was implemented prior to the widespread adoption of the Internet, consumers accessed the service via a modem and software operating on the consumer's computer. The locally stored software would communicate via a dial-up connection with the CheckFree bill payment service. Checkfree's bill payment service included a mainframe computer that supported submitting payments to merchants on behalf of the consumer and several data repositories that stored information related to those involved in bill payment transactions - consumers, merchants, and financial institutions. In particular, a consumer database stored consumer-related information, a master merchant database stored merchant-related information, and a financial institution database stored information related to financial institutions. Because many merchants were already capable of receiving and processing paper payment but did not yet support or wish to receive electronic payment from CheckFree, the CheckFree bill payment service also included a printer operable to print negotiable paper instruments. In particular, the printer could generate conventional checks for mailing to merchants on behalf of the consumer, where the checks would include Magnetic Ink Character Recognition (MICR) line-encoded financial institution account information for the account being drawn against.

In order to use the CheckFree bill payment service, a consumer would initially enroll by filling out and submitting a paper enrollment form containing personal information, such as the consumer's name and address. A consumer was also asked to provide CheckFree with a voided check associated with the consumer's demand deposit account (e.g., the consumer's checking account) that the bill payment service would use to make payments to merchants. For simplicity, this account is referred to hereinafter as the consumer bill payment account. Because enrollment was done manually using a paper enrollment form a CheckFree data entry clerk had to input the consumer's information to set up the consumer in the consumer database. Additionally, the data

entry clerk would identify and input the financial institution routing transit number and demand deposit account number from the consumer-supplied voided check.

After the entry of the consumer-supplied information, the CheckFree bill payment service would validate consumer bill payment account information and determine whether the account could be debited electronically through the Federal Reserve's Automated Clearinghouse (ACH) system. This was done to ensure that the consumer bill payment account could be used by the bill payment service in electronic payment transactions, which in turn impacted the service's method of paying merchants in response to a consumer payment request, as is described in greater detail below. The determination of whether a consumer bill payment account could be debited electronically was accomplished using the financial institution database, which stored financial institution routing transit numbers and information associated with consumer bill payment account numbers.

If validation of the consumer bill payment account failed, then the consumer could not use the CheckFree bill payment service until the consumer bill payment account information was corrected, which would not occur until a data entry clerk made the correction, as the service was unable to automatically correct errors. On the other hand, if the consumer bill payment account was confirmed to be valid and electronically accessible through the ACH, an electronic pre-note message was triggered through the ACH against the consumer bill payment account. The pre-note message informed the financial institution that CheckFree was authorized by the consumer to debit the account through the ACH. After validation, a consumer database entry for the consumer bill payment account could be modified to indicate whether the account was electronically accessible. The bill payment service was also capable of associating a status with each enrolled consumer, which was stored in the consumer database and could change. For instance, a consumer would have a "pending" status during the pre-note period following establishment of a new consumer bill payment account.

After enrollment a consumer would typically begin using the CheckFree bill payment service by setting up merchants to be paid from the consumer bill payment account using the software running on the consumer's computer and a dialup connection to hardware associated with CheckFree. For each merchant, the consumer would input merchant-related information including the merchant's name, address, and phone number, and, if applicable, the consumer's account number with the merchant. To facilitate recurring payments to a particular merchant

(e.g., monthly car payments), the consumer could indicate whether a merchant was a "fixed" merchant that would receive recurring payments of a fixed amount. Alternatively, the consumer could identify the merchant as a "variable" merchant that would receive individually scheduled payments of variable amounts.

After entry of merchant information, CheckFree's bill payment service would compare the consumer-provided merchant information against merchant data in the master merchant database. If the bill payment service did not locate a match with the consumer-provided merchant information, a new entry for the merchant could be added to the master merchant database and would incorporate at least some of the consumer-supplied merchant information. This process allowed CheckFree to maintain an accurate and up-to-date record of merchants that could receive payments from the bill payment service.

Once merchant set-up was complete, a consumer could submit payment requests using the software running on the consumer's computer and a direct-dialup connection. This could occur in the same telecommunications session as the merchant set-up, or during another session in which merchant information was not provided. Thus, a consumer could identify new merchants and submit payment requests in the same session. The CheckFree bill payment service would capture the payment requests upon their submission by a consumer. As described above, the payment requests could be recurring payment requests to a "fixed" merchant, in which the consumer provided the frequency, date, and amount of payments. The payment requests could also be individually scheduled payment requests that identified a merchant, date of payment, and amount of payment. To protect against errors, the CheckFree bill payment service was capable of reviewing new payment requests to identify duplicate payment requests from a consumer. At the end of a consumer's session with the bill payment service, the service provided a confirmation number to the consumer via the software application, which indicated acceptance of the request(s) by the CheckFree bill payment service.

The CheckFree bill payment service would collect consumer payment requests from multiple consumers over a period of time and periodically process them to ensure delivery to the merchant by consumer-provided due dates. This processing considered a lead time for actual delivery of the payment to the merchant and a processing calendar that reflected financial institution (including Federal Reserve) holidays. The bill payment service would obtain funds from the consumer bill payment account by issuing a draft (e.g., a check) drawn on the consumer

bill payment account, which was payable to the merchant, or by making an electronic funds transfer (via an ACH debit) to transfer funds from the consumer bill payment account to CheckFree. If the draft was issued, which automatically occurred if the consumer bill payment account was not electronically accessible, it was issued as a negotiable paper instrument encoded with the consumer's bill payment account number.

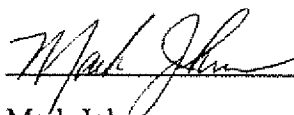
The bill payment system selected one of the above debiting methods (i.e., either a draft drawn on the consumer bill payment account, or an electronic funds transfer from that account) based on the consumer's status and the amount of the payment request. The CheckFree bill payment service did not, however, verify the availability of funds in a consumer bill payment account or wait to receive funds from a consumer before paying a merchant. Therefore, the selection of a debiting method for each consumer payment request sought to manage the risk incurred by the CheckFree bill payment service in making payments to merchants on behalf of consumers while reducing transaction costs by maximizing the number of electronic fund transfers.

In particular, if the consumer recently opened a new account and had a "pending" status the service would issue a draft to debit the consumer bill payment account. On the other hand, if the consumer did not have a pending status, and the amount of the payment request was less than a default payment amount established by CheckFree, the bill payment service would use an electronic funds transfer to transfer funds from the consumer bill payment account to CheckFree. The default payment amount was adjustable for each consumer based on a consumer's credit report. If the consumer did not have pending status and the amount of the payment request was above the default payment amount, the service would issue a draft to debit the consumer bill payment account. Finally, the bill payment service could also issue a draft to debit the consumer bill payment account if the sum of a consumer's current payment amount and the consumer's previous payment amounts for a particular period (e.g., month-to-date) were greater than a consumer payment amount limit associated with the consumer for the particular period.

Whereas the method of debiting a consumer account was based on consumer status, consumer-provider bill payment amounts, and the various limits established by CheckFree, the preferred mode of paying the merchant was based on the method of debit and various merchant and service provider-related factors. The CheckFree bill payment service could pay merchants by mailing the merchant the draft drawn on the consumer bill payment account made payable to

the merchant. In that event, the draft would include remittance advice relating to the consumer, the merchant, or both, and that could assist the merchant in posting the payment. The bill payment service could also make payments to merchants by issuing a corporate check drawn on a CheckFree account and that was encoded with CheckFree's financial institution routing transit number and account number. A single consolidated check could be sent from CheckFree to a merchant on behalf of multiple consumers in order to simultaneously fulfill multiple payment requests. Consolidated checks resulted in the bill payment service providing the merchant with a payment breakdown to support correct posting to each consumer account at the merchant. A third method by which the bill payment service could pay merchants was by electronic funds transfer (e.g., via an ACH credit) from a CheckFree account.

I declare that all statements made herein of my own knowledge and belief are true and that all statements made on information and belief are believed to be true, and further that the statements are made with the knowledge that willful false statements are punishable by fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.


Mark Johnson